

Message Text

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SUBJECT:POSSIBLE POSTPONEMENT OF MFM WORKING GROUP MEETINGS
ON "TRANSNATIONALS"

FOR THE SECRETARY

1. ARGENTINE OFFICIALS HAVE INFORMED US THAT THEY BELIEVE THE FORTHCOMING WORKING GROUP MEETING ON "TRANSNATIONALS" SHOULD BE POSTPONED. (YOU WILL RECALL THAT WE OFFERED TO HOST THE FIRST, ORGANIZATIONAL MEETING IN WASHINGTON JULY 8-11.) THEY NOW INDICATE -- FOR THE FIRST TIME -- THAT THEY HAVE HAD RESERVATIONS ALL ALONG ABOUT CALLING A WORKING GROUP MEETING SO FAR IN ADVANCE OF NEXT YEAR'S MFM, PARTICULARLY IN LIGHT OF ITS RELATIVELY NARROW MANDATE TO DRAFT A STATEMENT OF PRINCIPLES APPLICABLE TO TRANSNATIONAL ENTERPRISES. THEY SAY THAT ACCEPTANCES TO ATTEND THE WASHINGTON MEETING HAVE BEEN SLOW IN COMING AND NOW NUMBER ONLY EIGHT (INCLUDING BRAZIL, CHILE, COLOMBIA, AND MEXICO -- BUT EXCLUDING PERU AND VENEZUELA THUS FAR.)

2. THE RELEVANT FACTS ARE AS FOLLOWS:

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A. NO ONE ELSE WANTED TO HOST THIS WORKING GROUP. BRAZIL AND MEXICO SPECIFICALLY DECLINED WHEN ASKED, AND COSTA RICA EXPRESSED RELIEF WHEN IT WAS NOT ASKED. NO ONE ELSE HAS COME FORWARD, NOR HAS ANY OTHER COUNTRY BEEN SUGGESTED.

B. WHEN YOU SAID THAT WE SHOULD OFFER TO HOST THE FIRST MEETING IN WASHINGTON, WE TOOK SOUNDINGS IN THE CAPITALS IN EARLY MAY AND RECEIVED FAVORABLE RESPONSES FROM 16 GOVERNMENTS. ONLY PERU SEEMED SOMEWHAT NEGATIVE. BRAZIL AND MEXICO WERE FAVORABLE, ALTHOUGH BOTH PRIVATELY SUGGESTED THAT THE INVITATION BE EXTENDED BY THE U.S. THROUGH ARGENTINA, IN ITS CAPACITY AS SECRETARY PRO TEM, BECAUSE OF ARGENTINE SENSITIVITIES.

C. WE SENT A REQUEST TO ARGENTINA ON MAY 24 TO EXTEND THE INVITATIONS, AND THERE WAS SOME DELAY IN GETTING THEM OUT. MOST GOVERNMENTS DID NOT RECEIVE THEIR OFFICIAL INVITATIONS UNTIL MID-JUNE -- ALTHOUGH WE HAD INDEPENDENTLY SENT WORD THAT THEY WOULD BE FORTHCOMING.

D. ALTHOUGH ARGENTINA SAYS ONLY EIGHT HAVE AGREED TO ATTEND, OUR FIGURES SHOW ELEVEN ACCEPTANCES, WITH MORE COMING IN DAILY.

E. THE GOA POSITION HAS BEEN CONVEYED AT A MIDDLE WORKING LEVEL -- A FONOFF DEPUTY UNDER SECRETARY TO OUR EMBASSY ECONOMIC COUNSELOR -- ALTHOUGH WE FEEL CONFIDENT THAT HIS SUPERIORS APPROVE OF THE VIEWS HE EXPRESSED.

F. THE ARGENTINE FOREIGN MINISTRY, NOT FAMOUS FOR ITS EFFICIENCY (UNLIKE THE STATE DEPARTMENT), STILL DOES NOT APPEAR READY TO PLAY A LEADERSHIP ROLE IN PREPARING FOR THE NEXT MFN, AND PERON'S CURRENT ILLNESS COULD COMPLICATE MATTERS. THEY WAITED ALMOST TWO MONTHS TO EXPRESS ANY OBJECTIONS TO THE PROPOSED WORKING GROUP MEETING IN WASHINGTON. HOWEVER, JEALOUS OF THEIR PREROGATIVES, THEY DO NOT WANT TO SEE THE U.S. BECOMING TOO AGGRESSIVE OR DOMINANT.

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G. WE OBVIOUSLY DON'T NEED EIGHT MONTHS FOR THIS WORKING GROUP TO DO ITS WORK, BUT WE DO NEED TO GET STARTED AT SOME POINT, AND THE SOONER THE BETTER.

H. THE TECHNOLOGY WORKING GROUP APPEARS TO HAVE HAD A SUCCESSFUL SERIES OF MEETINGS IN BRASILIA THIS PAST WEEK. THIS SHOULD HELP DISPEL APPREHENSIONS ABOUT THE MORE CONTROVERSIAL WORKING GROUP ON TRANSNATIONALS.

3. OPTIONS:

A. WE COULD AGREE TO A POSTPONEMENT SINE DIE. HOWEVER, THIS IS TOO INDEFINITE AND PUTS US AND EVERYONE ELSE TOO MUCH IN ARGENTINA'S OFT-INCOMPETENT HANDS.

B. WE COULD REFUSE TO ACCEPT ANY POSTPONEMENT WHATEVER AND PUSH INDEPENDENTLY FOR ACCEPTANCES IN THOSE CAPITALS WHICH HAVE NOT YET RESPONDED, REASSURING SKEPTICS THAT WE HAVE NO INTENTION OF FORCING A CONTROVERSIAL DECLARATION OR WORK PROGRAM DOWN THEIR THROATS WHEN THEY COME TO WASHINGTON. HOWEVER, THIS IS ALMOST SURE TO IRRITATE THE ARGENTINES -- WHO ARE DIFFICULT ENOUGH -- AND THEY HAVE INDICATED ALREADY THAT THEY WOULD BE UNABLE TO ATTEND. WITH ARGENTINA THE HOST OF THE NEXT MFM, THIS WOULD INTRODUCE A VERY SOUR NOTE IN THE WHOLE PROCEEDINGS.

C. WE COULD TALK THE WHOLE PROBLEM OUT FRANKLY WITH FOREIGN MINISTER VIGNES, EXPLAINING OUR TRUE AND, WE THINK, UNOBJECTIONABLE POSITION TO HIM. (IT IS NOT CLEAR THAT AMBASSADOR HILL HAS EVER DONE THIS; INDEED, WE HAVE JUST LEARNED THERE IS A PROBLEM.) WE COULD INDICATE WE STRONGLY PREFER TO MAINTAIN THE JULY 8-11 DATES, BUT IF HE THINKS MORE TIME IS ADVISABLE TO PREPARE FOR THE MEETING, WE WOULD BE WILLING TO POSTPONE FOR, SAY, 30 DAYS UNTIL MID-AUGUST AND, IF NECESSARY, EVEN UNTIL EARLY SEPTEMBER. WE WOULD MAINTAIN, HOWEVER, THAT THE FIRST MEETING SHOULD BE IN WASHINGTON AND THAT IF THERE IS TO BE A POSTPONEMENT, THE ANNOUNCEMENT OF THE NEW DATE SHOULD TAKE PLACE SIMULTANEOUSLY.

4. AMBASSADOR HILL HAS AN ALREADY SCHEDULED APPOINTMENT WITH VIGNES AT 6:00 P.M. MONDAY, JULY 1 AND WILL BE
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ACCOMPANIED BY BILL BOWDLER, WHO, FORTUITOUSLY, WILL BE IN BUENOS AIRES THAT DAY AS PART OF BRIEF VISITS HE IS MAKING TO SEVERAL OF OUR EMBASSIES FOLLOWING THE JUST CONCLUDED BRASILIA TECHNOLOGY MEETING. BOWDLER IS IDEALLY QUALIFIED -- BY VIRTUE OF HIS ACTIVE PARTICIPATION IN THE PREPARATIONS, HIS LANGUAGE FLUENCY, AND HIS KNOWLEDGE OF ARGENTINES (HE WAS BORN IN ARGENTINA) -- TO MAKE THIS PRESENTATION.

5. OPTION "C" -- A FRANK TALK WITH VIGNES ON THE ABOVE BASIS -- SEEMS CLEARLY TO BE THE PREFERRED LINE OF ACTION. CARL MAW WILL BE BACK FROM MEXICO MONDAY MORNING, FOLLOWING HIS PARTICIPATION IN THE ECONOMIC CHARTER MEETINGS THERE. WE WILL HAVE DRAFT INSTRUCTIONS TO HILL AND BOWDLER, IMPLEMENTING OPTION "C" ABOVE, READY FOR

MAW'S CONSIDERATION AND DISPATCH TO BUENOS AIRES DURING
THE DAY MONDAY.

6. IF YOU DO NOT AGREE WITH THIS PROPOSED LINE OF ACTION,
WE HOPE YOU WILL BE ABLE TO LET US KNOW. SISCO

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